



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

December 18, 2003

Mr. Ralph Simpson
929 North 2500 West
Vernal, Utah 84078

Re: Acceptance of Notice of Intention to Commence Small Mining Operations, Ralph Simpson, Homer and Barts Mine, S/047/078, Uintah County, Utah

Dear Mr. Simpson:

Thank you for your Notice of Intention to Commence Small Mining Operations, initial \$150.00 permit application fee, a reclamation contract, and \$5,000.00 check to serve as a reclamation bond received by the Division November 25, 2003. The proposed Homer and Barts Project is located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 5 South, Range 22 East, SLBM, Uintah County, Utah.

On December 18, 2003, the reclamation contract was signed by the Division Director, Lowell Braxton (copy enclosed). The Division finds your application complete, and no additional information is required by this office at this time. **You may commence with your mining operations as outlined, provided you have satisfied and received written acceptance from any other appropriate agency, particularly the School and Institutional Trust Lands Administration (SITLA).**

Before we could grant acceptance of the notice, we were required to forward a copy of your notice to the Utah Division of State History to assure that no historical or archaeological properties were in the area of the proposed operation. We have not received any notification from State History, within the specified timeframe as to whether there are any historical concerns in the proposed location. **Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office, SITLA, and State History of your find.**

Your lease allows you to disturb about 80 acres, *but there may only be one acre at a time that is not reclaimed.* It will, therefore, be necessary for you to do any necessary grading and seeding fairly soon after each site is disturbed. You should use a piece of lath or something similar to mark the areas from which you take stone and distinguish them from any other disturbances that might be in the area. If you believe you may exceed one acre of disturbance at

Ralph Simpson
Page 2 of 2
S/047/078
December 18, 2003

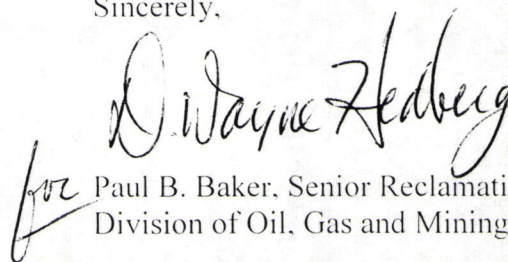
any one time, you will need to amend your notice and post additional surety at the rate of \$3,000 per acre (up to five acres). If you expect to exceed five acres of disturbance, please notify this office as soon as possible, as you will need to submit a Notice of Intention to Commence Large Mining Operations (LMO). A LMO typically takes nine to twelve months to reach approval.

The Utah Mined Land Reclamation Act of 1975 [40-8-7(I)] provides the authority for fee implementation which was approved by the Utah Legislature at its 1998 session. Commencing July 1, 2002, and annually thereafter, the fees were increased to \$150.00 for small mining notices.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining operation. If you have any questions about this approval or about the regulations, please call me at 801-538-5261.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. Wayne Hedberg". To the left of the signature is a small, stylized mark that looks like a checkmark or the letters "for".

Paul B. Baker, Senior Reclamation Biologist
Division of Oil, Gas and Mining

PBB:jb

Enclosure: #1-copies of Reclamation Contract & surety check, #2-SMO summary
cc: John Blake, SITLA, (MLA 49199-MP) w/Encl #1
O:\M047-U\intah\S0470078-Simpson\final\app-12182003.doc

File Number 5/047/078
Effective Date Dec 18, 2003
Other Agency File Number MLA-49199-MP

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

5/047/078
SANDSTONE, NATIVE ROCK

"MINE LOCATION":
(Name of Mine)
(Description)

HOMER and BARTS
SURFACE MINER
5 MILES SOUTH ON HWY 45 to
ALHONDRAS FERRY RD. EAST 7/10 mile
SOUTH SIDE 1.2 miles South Side

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

1
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Ralph J Simpson
929 N 2500 W
VERNAL, UTAH 84078

(Phone)

435-789-7718

RECEIVED
NOV 25 2003
DIV. OF OIL, GAS &

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

N/A

(Phone)

"OPERATOR'S OFFICER(S)":

Ralph Simpson - owner

SURETY":

(Form of Surety - Attachment B)

CASHIERS CHECK

"SURETY COMPANY":

(Name, Policy or Acct. No.)

n/a

"SURETY AMOUNT":

(Escalated Dollars)

\$5,000.⁰⁰

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Ralph Simpson the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. 5/047/078 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received November 25, 2003. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Ralph Simpson
Operator Name

By Ralph Simpson
Authorized Officer (Typed or Printed)

OWNER
Authorized Officer - Position

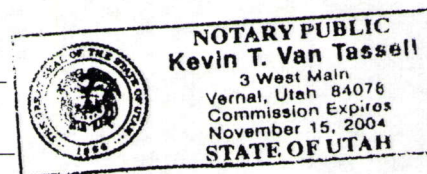
Ralph Simpson
Officer's Signature

NOV 24, 2003
Date

STATE OF Utah)
COUNTY OF Utah) ss:

On the 24 day of Nov, 2003 Ralph A Simpson
personally appeared before me, who being by me duly sworn did say that he/she is the
of Ralph A Simpson and
duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Ralph A Simpson duly acknowledged to me that said
company executed the same.

Kevin T. Van Tassel
Notary Public
Residing at Vernal, UT



11/15/03
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton
Lowell P. Braxton, Director

12/18/03
Date

STATE OF Utah)
COUNTY OF Salt Lake) SS:

On the 18th day of December, 2003, Lowell P Braxton
personally appeared before me, who being duly sworn did say that he, the said
Lowell P Braxton is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: SLC ut

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

Ralph Simpson
Operator

HOMER AND BARTS
Mine Name

510471078
Permit Number

UINTAH County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 1 acres under the approved / accepted permit and surety, as reflected on the attached map labeled RASMUSSEN HOLLOW QUADRANGLE and dated 1965:

T5S, R22E, S1B&M

SECTION 32: SE $\frac{1}{4}$ NW $\frac{1}{4}$ - NW $\frac{1}{4}$ SE $\frac{1}{4}$



61-840553279

0129 ROLAND SIMPSON

ZIONS BANK

Zions First National Bank
Salt Lake City, Utah 84101

Date November 24, 2000

Amount
\$5,000.00***

PAY ***FIVE THOUSAND and 00/100*** US Dollars

To The Order Of ***ST OF UT/DIV OF NATURAL RESOURCES*** Drawer: Zions First National Bank

Issued by Integrated Payment Systems Inc., Englewood, Colorado
To Citibank (New York State) Buffalo, N.Y.

Authorized Signature

THE VARIABLE TONE BACKGROUND AREA OF THIS DOCUMENT CHANGES COLOR GRADUALLY AND SMOOTHLY FROM DARKER TONES AT BOTH TOP AND BOTTOM TO THE LIGHTEST TONE IN THE

5/647/078 Ralph Simpson - Hamer + Barts mine